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February 24, 2025

The Honorable Pamela Beidle  
Chair, Senate Finance Committee  
3 East Miller Senate Office Building  
Annapolis, MD 21401

**Re: SB 975, Provider-Administered Oncology Drugs**

Dear Chair Beidle:

On behalf of AHIP, thank you for the opportunity to comment on Senate Bill 975. While we recognize and appreciate that this bill is limited in scope, applying only to oncology drugs and requiring the provider to be in-network, it does not address the fundamental issue of provider-driven cost increases.

**Provider mark-ups on provider-administered drugs are compounding the problem of high drug prices.** High drug costs are especially problematic with provider-administered drugs, where the problem of high manufacturer prices is compounded by exorbitant mark-ups by hospitals and physician' offices. An AHIP study<sup>1</sup> analyzed the cost of ten drugs that are commonly and safely delivered through a specialty pharmacy for provider administration. For these 10 drugs, the study found:

- The markup by hospitals ranged from **\$2,795 to \$22,079** per treatment over the specialty pharmacy's costs – markups from physician offices ranged from \$277 to \$4,937.
- On average, hospitals charged **double the price** (118% more) for the same drugs, compared to specialty pharmacies. Physician offices charged an average of 23% more than specialty pharmacies.

Numerous studies<sup>2</sup> have validated AHIP's findings that hospitals and physician offices charge much more than both the Medicare reimbursement and the specialty pharmacy price for the exact same drug. These charges are in addition to what hospitals and physicians are paid to administer the drug to the patient.

SB 975 sets reimbursement at a rate "agreed to by the covered, in-network provider," which does not prevent providers from demanding higher reimbursement rates at nonhospital locations. In an ideal framework, reimbursement would be tied to the health plan's contracted specialty pharmacy to prevent inflated mark-ups. Additionally, this bill does not account for what happens if the provider and insurer fail to agree on a reimbursement rate, raising concerns about continued excessive charges.

**AHIP Recommendation.** AHIP respectfully urges an unfavorable report on SB 975 in its current form as it restricts health plans' ability to hold down drug costs for patients and purchasers of health care and provides free rein to providers and hospitals to protect their current practice of marking-up the price of drugs administered to patients in their offices.

AHIP stands ready to work together with state policymakers to ensure every patient has access to the high quality, affordable drugs that they need.

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<sup>1</sup> [Markups for Drugs Cost Patients Thousands of Dollars](#). AHIP. April 2023.

<sup>2</sup> [How much? Hospitals mark up some medicines by 250% on average](#). STAT News. January 2021.

[Hospitals are making a lot of money on outpatient drugs](#). Axios. February 2019.

[Hospital Charges and Reimbursement for Medicines](#). The Moran Company. September 2018.

[Payer-Specific Negotiated Prices for Prescription Drugs at Top-Performing US Hospitals](#). Jama Internal Medicine. November 2021.

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Sincerely,

A handwritten signature in black ink that reads "Keith Lake". The signature is written in a cursive, slightly slanted style.

Keith Lake  
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AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone. Visit [www.ahip.org](http://www.ahip.org) to learn how working together, we are Guiding Greater Health.